

which has been the policy of the Bank of Canada, and the Government of Canada supports that policy.

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PUBLIC SERVICE

INDEXATION OF PENSIONS

Mr. Barry Turner (Ottawa-Carleton): Mr. Speaker, my question is for the President of the Treasury Board. As you know, there is considerable anxiety across the country among the 200,000 plus superannuates from the Public Service, R.C.M.P. and Armed Forces concerning full indexation of their pensions. Is the President of the Treasury Board in a position to tell them what position has been taken concerning this important issue and, if not, when will they know?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, as I have often said in this House there were two reports, one requested by the unions and one requested by management, on this issue. The reports have been exchanged by both parties and are under study at the moment.

We will respect our campaign commitment to be fair and equitable in this matter and to maintain benefit levels for our superannuates. I expect to be in a position within a few weeks to make a definitive announcement on the direction we will take with respect to pension benefits.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I have a supplementary question.

Mr. Speaker: The Hon. Member for Winnipeg-Fort Garry (Mr. Axworthy).

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AUTOMOTIVE INDUSTRY

IMPACT OF JAPANESE IMPORTS

Hon. Lloyd Axworthy (Winnipeg-Fort Garry): Mr. Speaker, I have a question for the Prime Minister. Yesterday the special task force that was commissioned by the Minister of Employment and Immigration on the automobile industry tabled its report. It indicates there will be a drastic loss of jobs in the automobile industry, upwards of 50,000 by 1990, unless there is a major change in trade policy.

Considering how important the Japanese manufacturers are to our automobile policy, in the Prime Minister's discussions with the Prime Minister of Japan did he raise with him the important impact that Japanese imports into Canada have on our auto industry? Did he propose any new agreement or proposals for the Japanese to ensure the stability and future prosperity of our automobile industry? Did the Prime Minister raise those matters in his discussions?

Right Hon. Brian Mulroney (Prime Minister): Yes, Mr. Speaker, I had intensive discussions with the Prime Minister of

Oral Questions

Japan in regard to the automobile industry. I spoke about the tremendous contribution this makes to Canada generally and to southern Ontario in particular, how we welcome, under this Government, the attraction of new investment in this area, and how welcomed it is by the people of Ontario and the people of Canada.

We recognize that there are some difficulties as well. I think there was general agreement that if you are going to reduce unemployment, as we are trying to do, the way to do it is by not building walls around Canada but by creating new riches to enhance trade to lower unemployment.

Our obligation is to create jobs for Canadians. That is our objective which we will be reaching with the kind of enhanced trading agreements we are seeking.

PROJECTED LOSS OF JOBS

Hon. Lloyd Axworthy (Winnipeg-Fort Garry): Mr. Speaker, the report commissioned by a Minister of his own Government indicated there would be a loss of 16,000 jobs in the industry under the present practices. What is needed is a straight commitment to have all Japanese manufacturers come under the Auto Pact Agreement. Did the Prime Minister specifically request of the Japanese Prime Minister that Japanese manufacturers agree to come under the Auto Pact Agreement? Does the Canadian Government intend to maintain the quotas presently in place to protect Canadian industry?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend is right. The implication of what he said is that all Government policy should be designed to create employment. Earlier today, quite properly, we were talking about employment in Montreal. Yesterday it was indicated that Montreal's unemployment rate last year was the lowest since 1981. This is what we are trying to do in all areas, including the automobile industry. I had the pleasure of meeting with a group headed by Bob White and Pat Lavelle—who, I understand, may be considering other responsibilities—

Some Hon. Members: Oh, oh!

Mr. Mulroney: We had an excellent meeting with Mr. Lavelle and with presidents of automobile companies located in Canada who made the representation to which my hon. friend refers. They are aware that we must be seeking new investment because if there is a tremendous job creation burst in Canada, our concern is spreading it fairly.

Unemployment in Manitoba has now been reduced to 7.2 per cent—

Mr. Orlikow: With an NDP Government.

Mr. Mulroney: —the lowest unemployment rate in Canada, with Ontario. We want to make sure that that prosperity spreads to Newfoundland and to British Columbia as well. I know that the Hon. Member will welcome what we are trying